STRATEGIC DATALINK

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Change, Challenge & Commitment.

1989: A Strategic Review.

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Introduction

History is at a turning point. The year 1989, together with such years as 1945, 1914, 1848 and 1789, will in future be identified as a time of great historic change. Whether 1989 will be remembered positively or negatively will depend upon the eventual outcome of the many national and international trends and forces which have been so prominent over the last year. The challenges, threats and opportunities which faced the nations of the world were of such a magnitude and scope that in many cases only a truly combined global effort by the entire international community in the years ahead will be able to meet them.

All through the 1980's, it became increasingly evident that to the list of problems historically facing all nation-states: military security; economic development and prosperity; and social-political cohesiveness, could be added the growing problems of environmental degradation, narcotics, pollution, refugees, nationalism, terrorism, disease, regional poverty, sustainable development, the effects of arms proliferation on regional security and international conflict, and the rise of democracy in the Soviet Empire. All of these issues have had a major influence on the world throughout 1989, in varying and complex ways.

This article will review the principle national and international trends and forces which dominated the year 1989, in four areas:

(1) International Political Developments;

(2) International Economic Developments;

(3) International Environmental Developments;

(4) Canadian International Relations.

(1) International Political Developments:

The single most startling political development to occur was the dismantling of the Soviet Union's empire across Eastern Europe. Beginning with Poland, all of the East European satellites, East Germany, Bulgaria, Czechoslovakia, Hungary and Romania are renouncing communism and have adopted varying degrees of political and economic reform.

However, the crucial time period is still come. After the euphoric days of national revolution which toppled the old regimes have passed will come the desperate years of hardship, failure, disappointment, and unrest as nations having a vague understanding of, and little experience with, democracy or economic freedom attempt to create these systems from the shards of corrupt totalitarian dictatorships.

Two other issues have emerged during 1989 which will be crucial to the world's security for the immediate future: German reunification; and the possibility of anarchy in the Soviet Union and Eastern Europe.

German Reunification and European Nationalism.

The reunification of the two Germanys is such a sensitive question because of the volatile nature of European nationalism. East Germany's breach of the Berlin Wall has once again thrown open one of Europe's most divisive and persistent security concerns: German nationalism. The main obstacle facing German reunification is the fear that the rest of Europe and the western world have with a united Germany that is economically dominant and in a key strategic geopolitical position at a time of great change and instability throughout Europe.

The Cold War and the East-West conflict had acted as a blanket since the end of the Second World War, smothering the excesses of European nationalism. With that blanket now lifting, the coals of European nationalism are once more heating up and we have already seen smoke rising from Western and Eastern Europe and the Soviet Union. Once Germany is reunited in whatever political association is finally, how long would it be before the call went out to have all of the "*ethnic German communities*" in Poland, France, Rumania Czechoslovakia and Austria reunited with the fatherland. Indeed, news reports have recently appeared stating that German-Rumanians and German-Poles have started making public demands for, "*greater cultural autonomy*". On a recent visit to Poland, German-Poles even went so far as to, "*greet Kohl as 'our chancellor'*".

Anarchy in the Soviet Union and Eastern Europe.

President Gorbachev, in power since 1985, was the key figure in launching political and economic reforms with his policies of glasnost and perestroika which are intended to help lead Russia into the 21st century with the rest of the world and by renouncing Soviet interference in the affairs of other countries. In fact, 1989 saw the first "*multi-candidate election*" in the Soviet Union since 1917. Having recognized the failure of communism to meet even the basic political and economic needs of the Soviet Union, Gorbachev initiated a programme of restructuring Soviet society. The goal of this reform movement was not to make Russia more democratic or free along the Western liberal model, but to create a "*soft communism*" where a socialist system was not only more efficient but actually worked.

However, the beginnings of a backlash against Gorbachev have recently gained more strength as the inherent contradictions between Gorbachev's aim (*continued Party rule of a centrally planned economy*) and the obvious national need for political and economic freedom under democracy and a market system continue to be acknowledged and recognized. This can be seen in the raised expectations of the Soviet people, both the masses and the elite, who are demanding the replacement of their country's failed economic and political systems. This popular demand occurs at a time when Gorbachev's other critics, the old guard who disapprove of "*reform*" and believe that only a return to "*the old ways*" of repression will prevent Russia from collapsing into anarchy and chaos, are also consolidating to voice their concern and apprehension.

Such dissent and criticism is a direct result of Gorbachev's attempts to "*be all things to all people*" in order to buy the time needed to restructure the Soviet economy over the next 3 - 5 years. The political rhetoric which has so captured international headlines for the last half of the 1980's, and most especially in 1989, has translated into largely cosmetic and symbolic changes with few concrete economic and political results. The social-political and economic order has remained largely unchanged in the Soviet Union. In fact, the economic situation has become far worse, and will continue to do so over the next few years.

Domestic economic, religious, social, political and ethnic unrest continues to grow and violence has erupted among the various ethnic and national groups held within the Soviet Union. This was clearly shown in 1989, with the large-scale and wide-spread dissent and turmoil in the Baltic states of Latvia, Lithuania, and Estonia and in the Islamic Republics of Azerbaijan, Kazakhstan, Uzbekistan, Turkmenia, Tadzhikistan and Kirghizia. In addition, the Ukraine, Moldavia, Georgia and Armenia have also shown that they will continue to be sources of growing national unrest in the years ahead. The possibility of "*civil war*" erupting in the national republics is a distinct possibility as the loosening of central control has historically encouraged local hostilities to reemerge.

Added to these ethnic-nationality problems, is the economic discontent emanating from all corners of the USSR. As economic hardships continue to grow over the next few years due to the failing Soviet economy and limited reform policies, greater social and economic unrest will swell as workers and their families increasingly call for greater reform and food on the table. Economic unrest, such as the Siberian coal miners strikes of 1989, will increase across a broad spectrum of Soviet society, multiplying social pressure on an already overburdened political regime. The "*future*" material benefits to be gained from enduring the current hardships of economic reform and restructuring, promised by Gorbachev, may not arrive in time to quell the large spread discontent and growing social unrest.

With the rapid political changes which are overtaking Eastern Europe, Gorbachev has moved from leading the reform movement to being one of the last communist political leaders still unwilling to accept the calls for openness and freedom which he has encouraged in Eastern Europe. The Soviet Union will remain on the brink of great instability for the next decade at least and it will take a political leader of

considerable skill, supported by all the blessings of the Russian saints, to stop the Soviet Union from disintegrating into anarchy and chaos. The great question is, How long will Gorbachev remain in control?

China in Crisis:

The alternative path, reinstating the Stalinist model with repression and violence, was also clearly presented to the world in the summer of 1989.

After 10 years of steady economic reform the ageing government of the People's Republic of China ordered a violent and bloody crackdown on peaceful pro-democracy demonstrators occuppying Beijing's Tiananmen Square. This military "*solution*" to a political problem resulted in the deaths of thousands and demonstrated the present regime's manic adherence to Mao Tse-tueng's maxim that, "*political power grows out of the barrel of a gun.*" The massacre was in response to weeks of popular protests across China in which people from all levels of society demanded that political reforms such as democracy and freedom be adopted by the authoritarian political leadership of the country.

The protests had coincided with and eclipsed the visit of Soviet leader, Mikhail Gorbachev to Beijing to greet Deng Xiaoping and other Chinese leaders in a meeting to signal the end of the Sino-Soviet split which had fractured the Communist Bloc three decades earlier. After Gorbachev had left China, the political leadership lost no time in ordering the People's Liberation Army to move on the demonstrators.

Immediately following the killings, the government began a widespread crackdown against all dissent and curtailed programmes of economic reform. The Chinese leadership has since then initiated a virulent propaganda campaign, both at home and abroad, in which foreign powers like the United States and others, have been accused of plotting against the Chinese people and fermenting counter-revolution similar to the "*back-sliding and betrayals*" which can be seen to be occurring in Eastern Europe and the Soviet Union. The despotic leadership in Beijing continues to cling to the belief that repression and force will eradicate popular political dissent. Many observers believe that the next step in China's ongoing struggle for political and economic development will occur with the imminent change in political leadership brought about by the death of the current ageing leaders.

Overall, the global trend towards greater democratization which was so evident in 1989, has made great strides. Throughout the world, in Central and South America, Africa and Asia, Europe and the Soviet Union, we are seeing a tide of change in which authoritarian dictatorships are being replaced by democratically elected national governments, often by peaceful means. While political instability and economic hardships will continue to plague many of these nation - states, the difficult road to democracy will hopefully continue to be followed.

(2) International Economic Developments:

Another of the major international forces evident throughout 1989, was the trend towards greater interdependency as was most clearly apparent in terms of the progress in regional economic integration. North America, Europe and the Pacific Rim all made substantial political moves to further integrate their various economic associations.

Canada and North America:

Canadian welfare is tied inextricably to her success as a trading nation. In recent years, Canada has made concerted efforts at liberalizing international trade through multilateral forums such as the General Agreement on Trade and Tariffs (GATT). In 1989, however, Canada found herself preoccupied with economic adjustment to the Canada-U.S. Free Trade Agreement; and the U.S. and Mexico continued their negotiations on a limited free trade arrangement. This latter event could eventually lead to the development of a North American Free Trade Region encompassing Canada, the U.S. and Mexico.

North American economic integration in 1989 was part of a larger world-wide movement towards economic regionalism. Two factors make it likely that this trend will continue in 1990. First, success in the GATT forum has been limited. Harmonizing trade subsidy and protection regimes - a vital step in liberalizing trade - is very complex, and progress has been extremely slow. Countries, such as Canada, have found it much easier to negotiate complex free trade arrangements on a bilateral or limited multilateral basis than in the GATT forum. As the threat of an international trade war continues into 1990, countries will remain focused on regional economic integration. The GATT process will likely suffer as a result.

1989 was also notable for the continuing shift in relative economic power in the developing world. U.S. economic preeminence continued to falter before unrelenting competition from the Japanese and Newly Industrialized Countries (NIC's). In 1989, the U.S. trade deficit persisted at record high levels, and foreigners' willingness to finance the deficit saw the U.S. relinquish her position as the world's largest international creditor in the early 1970's to that of a net debtor in 1985. In 1989, the U.S. services account went into deficit; Americans began paying out more dividends and interest to foreigners than they received as income from U.S. investments abroad.

Myopic consumption and investment behaviour will continue to erode U.S. manufacturing productivity and export competitiveness in

1990. Most importantly, the persistent trade deficit, and growing public indignation at the inroads of foreign investment in the U.S., will further aggravate protectionism both in goods and services trade, and in the flow of capital.

Japan bore the brunt of U.S. reaction to her economic woes. The U.S.'s Super 301 trade bill singled out Japan as one of three countries that will be subject to U.S. retaliation for allegedly unfair trade practices. Japanese officials returned in-kind with criticism of U.S. economic policy.

Some of that criticism, for example, has centred on the U.S. corporate tax structure. The tax structure is thought to discourage firms from investing both in research and development, and in plant and equipment, because it does not afford firms sufficient deductions for such investment as a business expense.

The U.S. has traditionally been one of the strongest advocates of a liberal international trading system. In 1990, America could play a much diminished role as an advocate of international free trade and could, instead, find itself vying for more secure arrangements within North America, and with the European and East Asian/Pacific economic communities.

Despite the continued economic growth of the 24 countries making up the Organization for Economic Co-operation and Development (OECD) in 1989, Canada and the U.S. did not make substantial gains in the reductions of their federal budget deficits. If the North American economy subsides into a recession in 1990, the capacity of Ottawa and Washington to moderate declines in employment and output will be found severely lacking.

Developing World:

In 1989, many of the heavily indebted Less Developed Countries (LDC's), such as Argentina and Peru, continued to run enormous budget deficits. As is so often the case in developing countries, governments finance their deficits by printing money. Inflation is the inevitable result. In countries where inflation is uneven and accelerating from year to year, it becomes very difficult for individuals and firms to make long-term production and investment decisions. The result is an underproductive economy, high unemployment, and little prospect of generating output with which to repay foreign debts. Many of the most seriously indebted countries found themselves in this position in 1989.

Although some heavily indebted LDC's, such as Brazil, ran substantial trade surpluses in 1989, high debt service obligations continued to be a drain on badly needed resources. A recession in the developed world in 1990, may inflame protectionism sufficiently to end the contribution which some LDC trade surpluses have made towards easing their debt service burden.

Eastern Europe and the Soviet Union:

In 1989, some East bloc countries began in earnest the difficult task of liberalizing their economies. Requests for assistance from the West has come in various forms. Poland, for example, has asked for a combination of debt relief, and financial and technical assistance. The Soviet Union, on the other hand, has asked that assistance be primarily of a technical or technological nature.

Soviet and other East bloc officials have also indicated a desire to broaden their trading relationships with the West. Liberalizing trade between the East and West presents an enormous challenge to trade negotiators who are already finding it difficult to harmonize trade practices across already existing free market economies. In 1990, East bloc countries will have to work hard to demonstrate that they are not unfairly subsidizing the production of goods which they export to the West. Moreover, NATO countries will need assurances that sensitive technology is not being unwittingly transferred to the East.

Despite the challenges that lie ahead, however, trade is an attractive way for the West to institutionalize the economic reforms now underway in the East. The European Community (EC) is already considering a limited economic association with East European countries. Such an association might involve an East European "*third tier*" grafted onto the impending two tier "*European Economic Space*" of the European Community and the European Free Trade Association (EFTA). A resurgence of protectionism by the developed world in 1990, however, could prevent the West from using trade as an important instrument of foreign policy.

" Peace Dividend":

In 1989, hopes arose in Canada and around the world, that the improvement in East-West relations and the resulting reductions in national defence spending would create a substantial "*peace dividend*" - money previously allocated to the defence budget which could now be diverted to other sectors of the economy. This possibility raises several interesting points:

First, even if the East and West are successful at arms control and disarmament in 1990, the dividend will be only as large as the Western economies are successful at transferring resources from the military to civilian sector. Such a transfer will be a long, complicated and arduous process.

Second, whatever monies are released from defence spending may be appropriated by national governments to help in efforts to reduce the overwhelming federal budget deficits which many countries face.

Third, progress in East-West relations will not necessarily diminish the overall demands on the military establishment in the 1990's. In addition to regional conflicts - such as in the Middle East, Central America, and Southeast Asia - drug trafficking and terrorism are two very expensive security problems with which the military may increasingly be obliged to deal.

Fourth, the costs of verification and the monitoring of Arms Control and Disarmament agreements is very expensive in terms of personnel and the development of technology required.

Fifth, the cost to restructure and reorganize military forces for their "*new*" roles, missions and tasks of the 1990's and beyond, will be very expensive. To say nothing of the costs such a restructuring will have on the civilian defence manufacturing sector - unemployment benefits, job retraining, relocation costs, pensions and federal financial support to state, provincial and local economies.

Sixth, a great deal of current military spending in the West goes into payroll, personnel services and the cost of maintenance for facilities, basic equipment and weapons systems; these costs are ever increasing ones and will always have to be met.

Seventh, US defence spending has been declining sharply since fiscal year 1986, this trend has been part of an overall reduction in defence spending which has been under way for the last 25 years. For the time period, 1950 until the 1960's US defence spending accounted for over 50 per cent of the federal budget. In 1989, this figure was reduced to only 26.2 per cent of the national budget.

Eighth, the field of weapons development is now undergoing a technological revolution. If the West is to participate fully in this revolution, it must be prepared to incur the heavy, long-term costs of assimilating these new technologies into its defence programmes. The majority of these assimilation costs are made up of expenditures for research, development, testing, acquisition and deployment.

Moneys hopefully targeted by non-defence sectors as part of the peace dividend could easily be "*eaten up*" by future, highly expensive defence costs before ever making it to other areas of the economy.

(3) International Environmental Developments:

Events, such as the *Exxon Valdez*, disaster in Alaska, and the oil spill off of the Morrocan coast by a damaged Iranian oil tanker, galvanized international public opinion and resolve in 1989, that greater efforts must be made to tackle global environmental problems.

The growing threats of industrial and urban/rural pollution, acid rain, atmospheric and water damage, soil and forest erosion, toxic and nuclear wastes have increasingly received the international recognition they deserve. Throughout the year, international actors, such as governments, international organizations, national groups and individuals have spoken out on the dire need for animal conservation and natural resource management.

Translating this public concern into coherent and constructive national and international policies is still largely to be seen. The major questions to be dealt with are twofold. First, the financial. Who is going to pay for it and, how will these costs be divided? The next obstacle deals with the international and national political co-operation and co-ordination required to formulate and implement the wide range of conservation policies which are required to deal with the earth's huge environmental problems.

Canadian Efforts:

In 1989, the federal government announced that it will provide $100 million to the provinces, over a five year period, to assist in the clean-up of toxic waste sites. 1000 sites were targeted for the clean-up effort. Under this arrangement, the provinces are expected to adopt tougher laws which will compel firms to clean-up their toxic sites. The provinces will concentrate their efforts on abandoned sites, while the federal government will deal with toxic waste sites still maintained by their corporate owners.

In 1989, much Canadian attention was focused on the problem of PCB disposal. Protesters in Baie Como tried to prevent the storage of PCB waste near their community. The particular consignment of waste in question, had originally been sent to the U.K., where British dockworkers refused to unload the hazardous cargo. The ship carrying the waste eventually returned to Canada only to face further protests and public criticism. The larger issue that was raised by the incident is whether countries should undertake the disposal of their own wastes.

Toxic waste disposal is very expensive; and it is feared that wastes shipped abroad will not be adequately disposed of for this reason. In the past few years, European nations have been harshly criticized for dumping their toxic wastes on landsites along the West African coast.

Vigilant Canadian efforts to clean-up and protect the environment have been a boon to waste management and pollution abatement businesses. The 1990's will see a spectacular growth in this business sector as stricter environmental laws come into force.

United States Efforts:

The Bush Administration's made some progress in it's efforts to regulate and punish polluters. Washington announced it's intent to strengthen laws that regulate pollution emissions through amendments to the U.S. Clean Air Act. These amendments should be introduced in 1990. One of the proposed amendments will seek to reduce the emission of airborne PCB's. Roughly 90 per cent of PCBs in the Great Lakes arrive on the air, and Canada stands to benefit from this amendment.

In 1989, new studies suggested that the effects of global warming are far from predictable. One study suggested that sea levels may in fact fall as global warming causes heavier precipitation in the polar areas of the globe. Despite such findings, the urgency to reduce emissions of dangerous chemical pollutants remained strong.

Scientists confirmed that holes in the polar ozone layers were continuing to widen. Ozone depletion puts life forms at greater risk of excessive exposure to ultraviolet radiation, leading to genetic and bodily damage.

While much criticism of environmental negligence has been levelled at corporations, more and more businesses have made substantive initial efforts at controlling pollution and waste. North American consumers have also made efforts at altering their consumption and waste disposal habits. Garbage separation and recycling programmes were embraced enthusiastically by several North American cities in 1989.

Eastern Europe and the Soviet Union:

The lifting of the Iron Curtain from Eastern Europe and the Soviet Union in 1989, allowed the West to finally get an accurate picture of the environmental nightmare which has taken place in these countries. Decades of industrial development without any pollution controls has left a legacy of destruction and disease effecting the people, lands and waters of the Eastern Bloc.

In some East European countries, efforts began at abating the effluent from their inefficient industrial smoke stacks. However, the *United Nations Global Environment Monitoring System*, has stated that Eastern Europe and the Soviet Union have the worst pollution damage anywhere in the world as industry has been allowed to pollute the landscape with little or no restrictions.

Environmental pollution codes, now being proposed will have little effect on the damage already done to rivers, fields, animal and human life. Indeed, many environmentalists feel that most parts of Europe, including what is left of the Black Forest, are beyond salvage.

The facts speak for themselves.

In *East Germany*, 80 per cent of the rivers are contaminated, most cities have air pollution levels 50 times above the safe limits and 37 per cent of the trees are dead or damaged.

In *Rumania*, less than 20 per cent of the waterways provide drinkable water and 30 per cent of the arable land has been eroded.

In the *Soviet Union*, 59 per cent of the trees are damaged or dead, 8 out of 10 deaths in *Lithuania* are caused by pollution and over 100 major cities have dangerous air pollution problems.

In *Poland*, 65 per cent of the rivers are too corrosive and dirty for industry to use and between 10 and 15 per cent of students are chronically ill due to living in such extreme levels of pollution.

The costs to these countries in the years to come, in terms of lives and national resources lost is beyond calculation. Many experts feel that one of the major programmes into which money, technology and assistance from Western aid will go, is the future efforts which will have to be made to clean up the rampant pollution poisoning Eastern Europe and the Soviet Union.

(4) Canadian International Relations:

For Canada, 1989 proved to be an eventful year. The government of Canada continued to demonstrate its lack of an overall strategy and long-term planning in the areas of Canadian defence and foreign policy.

Prime Minister Mulroney's much belated, though ultimately timely, trip to the Soviet Union illustrated the overriding characteristic of Canadian foreign and defence policy, one of "*missed opportunities*". It demonstrated how unprepared Ottawa has been in responding to the changes and events which have been occurring in Asia, the Pacific, Central Europe and the Soviet Union throughout 1989, and over the last few years.

Whether it be the economic integration of Western Europe in 1992 or the half-decade of political and economic reforms which have resonated out of Moscow, or the economic and political opportunities beckoning from Asia and the Pacific or even, the recent reform movement which swept through Eastern Europe in the last few months of 1989, in each instance, the government of Canada has met these events without a national strategy and little evidence of preparation or planning. With no overall national policy with which to deal with these issues, how does Ottawa hope to possibly provide Canada with the benefits of constructive involvement and active participation in these matters?

The shake-up of the top level at the Department of External Affairs which occurred in the early autumn of 1989, demonstrates the governments own recognition of these failings, yet, we have still to see any real change or new thinking in the foreign and defence policy recommendations. Hopefully, the initiative shown in hosting the first Open Skies Conference between NATO and the Warsaw Pact in Ottawa starting on February 12, 1990, will be a portent of better things to come.

Organization of American States:

In 1989, Canada joined the Organization of American States (OAS) at an annual cost to the country of $ 10 million. For years, the government of Canada has avoided participation in the OAS because Ottawa recognized the fact that it is an international political minefield. Most of the debates and decisions which characterize this regional organization result in the United States on one side of the issue against the rest of the membership. e.g. Panama.

Whatever benefits Ottawa believes might come to Canada will be outweighed by the potential costs that involvement holds in such a politically polarized and negatively charged organization. Canada has little influence in the region, only some economic interests, and almost no political experience in dealing with the very partisan politics and diplomacy that distinguishes Latin American relations.

United Nations:

1989 was a very good year for Canada at the United Nations where, in January, we took our seat at the Security Council. In 1989, the United Nations continued to enjoy a resurgence in its importance to the international community.

During the year, Canada became part of the UN Transition Assistance Group (UNTAG) and helped in the organization of the Namibian elections. The Namibian elections, by all accounts, were a success. In addition to the over 300 men and women of the Canadian orces deployed in UNTAG, one hundred R.C.M.P. officers and over a hundred Canadian observers assisted in the election process under UNTAG command. Canadians have been instrumental in organizing Namibia's democratic transition to independence. Namibia may join tne U.N. as a full member state later this year.

At the U.N., Canada also contributed to efforts towards establishing an observer force in Central America - a force that will oversee the disarmament and voluntary repatriation of insurgency forces. Our delegation to the U.N. also worked on the passage of the Declaration of the Rights of the Child, the last universal declaration of human rights to be written.

Security and Sovereignty:

In his introduction to the 1987, Government of Canada's Defence White Paper, Challenge and Commitment: A Defence Policy for Canada, Prime Minister Mulroney said,

"No Government has a more important obligation than to protect the life and well-being of its people; to safeguard their values and interests. In Canada, it is time to renew this commitment."

While many have found room to argue about, and disagree with, the tone of the actual contents of the White Paper, certainly the words of the Prime Minister and the intent behind them would find agreement in every corner of this land.

However, the record of events in 1989 depict a country lacking in the political leadership and national will to protect its own national interests and sovereignty. This disregard was most clearly demonstrated by the April 1989, Federal Budget which effectively destroyed the commitment previously outlined by National Defence Minister Perrin Beatty in 1987 to,

"help ensure for our children a sovereign and free Canada in a more peaceful world."

Within the space of a few paragraphs of a budget report , the government abandoned its highly publicized campaign to rebuild Canadian defence and foreign policy.

All major equipment acquisition programmes were either cancelled or severely curtailed, and the defence policy themes of *"renewal and commitment"* were dropped. The new programmes announced in the White Paper, which were required to up-date and modernize the Canadian Armed Forces after so many years of political indifference, were reduced and several regions of the country were told, without prior local input, that many bases and facilities would soon close. In addition, there were no plans made to deal with the the massive unemployment and economic shocks resulting in communities losing a base.

The point which is probably the most disturbing is the fact that this major defence and foreign policy decision was made solely on the narrow basis of short-term economic considerations. There was never any inclusion of the many other national and international strategic considerations which decisions of this magnitude must entail.

Such an important policy decision, one effecting the national security and sovereignty of the country, should only ever be made after a thorough and careful consideration of all of the factors involved. National security policy must be based upon a rational policy process which includes a broad range of strategic considerations.

Such factors would include:

* the state of the international political-security environment;

* the tasks, commitments and responsibilities to which Canada is obliged to as a nation;

* and domestic factors including economic, social, political and military capabilities, interests and goals.

The military has always been an easy target for economic reductions. While countries such as the United States and the Soviet Union have an overabundance of military programmes and budget items which could be cut and not greatly effect the national security of their countries, *this is certainly not the case in Canada!*

Decades of neglect have resulted in a Defence Department which badly needs increased funding just to be able to meet *current* tasks and commitments for security and sovereignty. *Future* defence reductions will leave the Armed Forces without any ability to carry out its responsibilities to protect Canada's security and sovereignty.

The results of such an ill-conceived and poorly thoughtout national policy are all too easy to find.

Incidents off of Canada's East and West coasts involving foreign fishing fleets, whether they be from Europe, Asia or the United States occurred regularly throughout 1989. Canada's lack of a credible legislative deterrent and interdictive capability means that occurrences such as that between the *HMCS Saguney* and the small American fishing boat will increase as it becomes more obvious to foreign fisherman poaching in our waters, that the government is unconcerned about such violations of Canadian sovereignty.

The same can also be said to apply to the even more important question of national security. Canada can no longer monitor and interdict foreign military or civilian ships using our waters. In the Pacific, the Arctic and the Atlantic oceans, foreign submarines and naval ships continue to use our waters without our permission. Ottawa has continuously ignored the responsibilities which sovereignty demands.

We currently rely on the goodwill of other nations to inform us as to what they are doing in our own waters.

Such a reliance should be intolerable to a sovereign country. No country will respect Canada's national interests if we refuse to safeguard them ourselves. The neophyte strategists who claim that private contractors will be able to provide an adequate substitute for the Armed Forces in many of its roles and tasks, have obviously failed to learn the lesson of 1989, when the Canadian Coast Guard went on strike.

The growing national and international concern over the smuggling of illegal narcotics across Canadian borders enroute to Canadian and American addicts, is another issue which dominated public debate in 1989. Like coastal fishery protection, international drug smuggling calls into question Canada's ability to monitor and keep order over our national territory and waters. As American efforts increase in Central America and the Caribbean to cut off illegal drug routes, there will be more attempts to use Canada's undefended borders to gain access the lucrative American market.

In the future, Canadians and Americans will be calling for more to be done to stop this immoral trade. Many are already calling on the Armed Forces to play a greater role in this important national task. Without the capability to carry out present tasks, how does the government of Canada expect to deal with additional problems ? Once again, Ottawa is relinquishing sovereignty as it will have to rely on other nations to protect Canadian interests.

Summary:

Overall, the trends and events which have shaped 1989 are certain to continue well into the next decade. It is also likely that the desire for democracy by peoples heretofore held in subjugation will increase in intensity and the geographical scope will be widened and deepened. The possibility of major conflict, whether by intention or miscalculation, shall stay with us in the years ahead. The potential for Soviet and European instability to spiral out of control is great, especially over the next few years. The proliferation of nuclear, chemical and hi-technology weapons among the middle and lesser powers, will also contribute to international conflict and insecurity. These trends must be carefully monitored and strategies devised to deal with them, for all must heed the ancientChinese curse, "*may you live in interesting times.*"

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